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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 06/05/07

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- 14) Opposition pummeling Abe in Diet on responsibility for pension fiasco
- 15) Prime Minister Abe leaves today for G8 summit in Germany where he hopes to capture lead in plan to tackle global environment issue
- 16) Investigation of leaked classified information about Aegis-related MD now spreading to MSDF's training unit
- 17) New economic policy plan revealed

Articles:

1) TOP HEADLINES

Asahi:

Prime minister to make pensions major campaign issue for Upper House election

Mainichi, Yomiuri & Tokyo Shimbun:

Yanagisawa pledges to complete checks of unidentified pension accounts by next May

Nihon Keizai:

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Government to set industry-specific numerical targets for saving energy

Sankei:

Hitachi to promptly check 150,000 elevators under ministry's instruction

Akahata:

One month until Upper House election

2) EDITORIALS

Asahi:

- (1) Abe's nosediving support: Pensions should not be made campaign issue
- (2) Expanding meal delivery service is desirable

Mainichi:

- (1) Government urged to devise measures to deal with defectors from North Korea
- (2) Disaster prevention white paper

Yomiuri:

- (1) Guidelines on economic and fiscal policy: Clarify order of policy priority
- (2) Obayashi president to resign: Eradicate bid-rigging structure

Nihon Keizai:

- (1) Work out specifics, with goal of creating disciplined regional revitalization organ
- (2) Government urged to prepare to deal with North Korean defectors, to increase security in territorial waters

Sankei:

- (1) Without being upset by drop in support rate, Abe should speak of first aspirations
- (2) Officially protest at G-8 summit Russian foreign minister's visit to Northern Territories

Tokyo Shimbun:

- (1) Participants in environment summit should share sense of alarm

(2) Defectors reveal harsh situation in North Korea

Akahata:

(1) Air pollution suit: Take step to eradicate damages

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, June 4

NIHON KEIZAI (Page 2) (Full)

June 5, 2007

08:42:

Met at Kantei with LDP's Publicity Division Director Futada and Public Relations Headquarters Chairman Katayama.

09:22:

Met with Policy Research Council Chairman Nakaga, Acting Chairman Kawamura, and Upper House Policy Board Chairman Masuzoe. Kawamura and Masuzoe remained. Afterwards, met with Finance Minister Omi, Vice Finance Minister Fujii and others.

10:15:

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Met with Deputy Chief Cabinet Secretary Suzuki. Afterwards, met with Deputy Foreign Minister Yabunaka, MOFA European Affairs Bureau Director General Harada and others.

13:00:

Attended an Upper House plenary session.

14:28:

Met at Kantei with House of Representatives member Takuya Hirai and others of the LDP's Association to Realize Reform Plans. After them, met with Minister of Internal Affairs and Communications Suga.

15:09:

Attended a general meeting of the Japan Nursing Federation at Tokyo International Forum in Marunouchi.

15:42:

Met with Special Advisor Nakayama and House of Representatives member Nariaki Nakayama at Kantei.

16:04:

Met with LDP Research Commission on Local Government Chairman Ota. Later, met with Gakushuin University Prof. Takeshi Sasaki, chair of the Social Policy Council, and others, joined by State Minister in Charge of Declining Birthrate Takaichi.

16:30:

Met with Secretary General Nakagawa in Diet. Afterwards, handed LDP endorsement to candidates to run in each constituency in Saga Prefecture for the Upper House election, joined by Nakagawa and Upper House Caucus Chairman Aoki, and others.

17:06:

Attended an LDP executive meeting.

17:29:

Met with Plum Girl Sayaka Matsumoto from Wakayama Prefecture and others at Kantei with Wakayama Gov. Nisaka, Special Advisor Seko and others also present. Afterwards, met with the late former Agriculture Minister Matsuoka's wife, Hatsue, and other relatives.

18:04:

Attended a meeting of the Council on Economic and Fiscal Policy.

19:48:

Dined with Education Minister Ibuki and others at Japanese restaurant "Unkai" in ANA Intercontinental Hotel Tokyo.

20:39:

Arrived at Kantei residence.

4) Poll: Cabinet support rate at 32 percent, lowest since inauguration

SANKEI (Page 1) (Abridged)

June 5, 2007

The Sankei Shimbun conducted a joint public opinion survey with Fuji News Network (FNN) on June 2-3 to probe public attitudes toward politics. The approval rating for the cabinet of Prime Minister Shinzo Abe plunged to a low of 32.3 percent from the 39.9 percent rating in the last survey conducted in April. The disapproval rating for the Abe cabinet also rose 13.8 percentage points to 49.2 percent from 35.4 percent in the last survey. In the run-up to percent

summer's election for the House of Councillors, a total of 51.7 percent said they would like the Democratic Party of Japan (Minshuto) and other opposition parties to gain more seats, 19.8 points higher than 31.9 percent for the Liberal Democratic Party's ruling coalition. The Abe cabinet's support rate has hit an all-time low in this survey. This is apparently attributable to the public's growing sense of distrust over the Social Insurance Agency's loss of pension records and the issue of politics and money, such as the suicide of Agriculture, Forestry and Fisheries Minister Toshikatsu

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Matsuoka.

5) Poll: 24 percent to vote for LDP, 23 percent for DPJ

ASAHI (Page 1) (Abridged)
June 5, 2007

Ahead of this July's election for the House of Councillors, the Asahi Shimbun conducted its telephone-based fourth serial public opinion survey and asked respondents which political party or which political party's candidate they would vote for in their proportional representation blocs if they were to vote now. To this question, 24 percent picked the ruling Liberal Democratic Party, while 23 percent chose the leading opposition Democratic Party of Japan (Minshuto). As seen from these figures, the LDP and the DPJ were almost on a par. The LDP tends to drop with the Abe cabinet's declining support rate. Meanwhile, the DPJ closed in on the LDP in the last survey but has yet to gain momentum.

The serial survey is conducted over the telephone at the end of every week from the first one conducted May 12-13, with the aim of calling 1,000 persons. The survey will be continued until one week before the election.

In the last three surveys, the LDP stood at 31 percent, 26 percent, and 24 percent for proportional representation, while the DPJ was at 21 percent, 25 percent, and 23 percent. Among men, the LDP was at 24 percent, with the DPJ at 30 percent. As seen from these figures, the DPJ was above the LDP among men. Among women, the LDP was over the DPJ, respectively standing at 23 percent and 16 percent.

Respondents were also asked which political party's candidate they would vote for in their electoral districts. To this question, the LDP stood at 31 percent, 33 percent, and 29 percent in the last three surveys, and 27 percent in the survey this time. The DPJ was at 22 percent, 20 percent, and 26 percent in the last three surveys, and 24 percent in the latest survey, showing a tendency similar to that for proportional representation.

Asked about the desirable form of government, 36 percent chose an LDP-led government, with 30 percent opting for a DPJ-led government. In the last survey, the LDP and the DPJ were almost on a par. This time, 31 percent chose an LDP-led government, with 35 percent preferring a DPJ-led government.

6) Poll: 71 percent concerned about global warming; 67 percent want to use biofuel

YOMIURI (Page 2) (Full)
June 5, 2007

The Yomiuri Shimbun conducted a face-to-face nationwide public opinion survey on May 19-20, in which respondents were asked to pick one or more environmental changes they were particularly concerned about. In response to this question, a total of 71 percent picked "global warming caused by the growth of carbon dioxide emissions resulting from oil and coal consumption."

In 1989, when a similar question was started, those who picked global warming accounted for 34 percent. In the following surveys, however, the proportion of those picking global warming continued rising. It reached 62 percent in the last survey conducted in 2004

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and topped 70 percent in the survey this time. The world has been experiencing abnormal weather. In Japan as well, there are climate changes, such as violent heat and unusually warm winter. Many more people now seem to be worried about global warming.

Among other environmental changes, 47 percent were concerned about "ozone layer destruction resulting from chlorofluorocarbon (CFC) missions," 43 percent about "environmental pollution resulting from dioxin and other chemical emissions," and 41 percent about "river, lake, and sea pollution resulting from domestic wastewater, industrial waste, tanker, etc."

Asked about the possible impacts of global warming, a total of 72 percent were concerned about "violent heat, floods, cold waves, and other climate changes to deteriorate the living environment," topping all other answers.

Respondents were also asked if they thought Japan should work strongly on the United States, China, and other major CO2-emitting countries. To this question, "yes" totaled 92 percent. In the meantime, a total of 67 percent said they would like to use "bioethanol" fuel for their automobiles.

7) Poll: More than 310 candidates likely to run in Upper House race

NIHON KEIZAI (Page 1) (Full)
June 5, 2007

If the current session of the Diet is not extended, the House of Councillors election will be held on July 22 with the official campaign kicking off on July 5. According to a survey completed June 4 by the Nihon Keizai Shimbun, the number of those planning to run in the election totals 311 -- 198 candidates for the electoral districts and 113 for the proportional representation segment. This comes to 2.6 candidates per seat. The expectation is that the number of candidates will exceed the 320 candidates who ran in the 2004 Upper House election.

The number of seats up for grabs in the electoral districts is 73, with 48 in the proportional representation segment. The focus is whether the ruling coalition will be able to maintain its majority in the Upper House. In order to keep the majority, the ruling camp needs to win 64 seats.

The ruling Liberal Democratic Party (LDP) will field 81 candidates, including 29 candidates for single seats. The LDP has decided to file two candidates for the Chiba district, where three seats are up for grabs, and for the Tokyo district, where five seats are being contested. The largest opposition party, Minshuto (Democratic Party of Japan), has decided to run 77 candidates. The party has yet to decide on a candidate for the Ishikawa district where a single seat is up for grabs. It will field two candidates in the Niigata district, where two seats are up for grabs, in the Saitama, Chiba, Kanagawa and Aichi districts, where three seats are up for grabs, and in Tokyo.

The New Komeito, the ruling LDP's coalition partner, will field 13 candidates, aiming at keeping the seats the party currently holds. The Japanese Communist Party (JCP) will field 51 candidates in 46 electoral districts, excluding Okinawa, where the party will support a candidate filed by another opposition party, and 5 for the proportional representation segment. The People's New Party has unofficially decided to field 19 candidates. The New Party Nippon

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has decided to field two candidates in the proportional representation segment. The party is now considering fielding candidates in electoral districts.

The Upper House race is the first national election for Prime Minister Shinzo Abe. The record-keeping blunders by the Social Insurance Agency and the money and politics scandals will likely become campaign issues for the upcoming election. The outcome of the election will determine the fate of the Abe cabinet, support rates for which have plunged recently.

8) Former Prime Minister Koizumi starts stumping for Upper House election

ASAHI (Page 4) (Full)
June 5, 2007

Former Prime Minister Junichiro Koizumi yesterday delivered a speech on the environmental issue in Tokyo. In it, he expressed his view that Japan should propose environmental policy measures in a positive manner at the Group of Eight summit Heiligendamm, Germany, as well as at the G-8 summit next year, which will take place the Lake Toya area in Hokkaido, Japan. He stated:

"The environmental problem has become the greatest matter of international concern. Japan will be able to increase the level of international confidence by taking the initiative in dealing with the matter."

Koizumi delivered the speech in a rally held for House of Councillors member Yoriko Kawaguchi, who served as environment minister and foreign minister in the Koizumi government. Kawaguchi will run in the July Upper House race as a proportional representation candidate. Koizumi has refrained from speaking at official occasions since he stepped down from the prime minister's post. Therefore his speech yesterday was the first action for the campaigning for the upcoming Upper House election. He also plans to give a campaign speech for former Deputy Chief Cabinet Secretary Kosei Ueno.

9) Kyoko Nakayama to run for Upper House race

YOMIURI (Page 2) (Full)
June 5, 2007

Kyoko Nakayama, 67, special advisor to the prime minister on the abduction issue, decided yesterday to run in this summer's House of Councillors election as a candidate of the ruling Liberal Democratic Party (LDP) for the proportional representation segment. The outlook is that she will soon formally announce her candidacy.

Nakayama and her husband Nariaki Nakayama, former education minister, met yesterday with Prime Minister Shinzo Abe at his office. Abe asked her to run for the election, saying:

"Education reform and the abduction issue are priority issues of the Abe cabinet. In order to appeal the abduction issue to the public, I want you to run in the Upper House election."

After the meeting, Nariaki Nakayama told reporters: "She should take it seriously that the prime minister strongly called for her candidacy." He indicated that Special Advisor Nakayama would accept

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the offer.

The special advisor served in the former Finance Ministry. Since she worked as advisor to the Cabinet Secretariat in charge of supporting the victims kidnapped by North Korea and the families of the missing abductees since 2002, she was appointed to her current post last September when the Abe administration was inaugurated.

10) LDP moving to extend Diet session for five days in order to get a bill regulating amakudari adopted during the current session

TOKYO SHIMBUN (Page 2) (Excerpts)
June 5, 2007

An idea of extending the current Diet session (set to close on June 23) for five days was floated yesterday in the ruling Liberal Democratic Party (LDP). The purpose is to secure the time for deliberations on a bill revising the National Civil Service Law. This bill is intended to tighten the regulations against amakudari (practice of retiring senior government officials finding well-paying jobs in the private sector). If the Diet session is extended for six or more days, the ruling bloc will be forced to rearrange the current schedule for the Upper House election with the

announcement of the election set for July 5 and the election day set for July 22. So, many in the LDP insist that even if the session is extended, the Diet should close by June 28.

A senior Upper House member yesterday said of the bill: "We have two options: enacting it into law by extending the Diet session and enacting it into law after quick deliberations without extending the session. The decision in this regard is likely to be made by the end of this week."

11) Abe admits responsibility for pension contribution recordkeeping errors

TOKYO SHIMBUN (Page 2) (Abridged slightly)
June 5, 2007

Prime Minister Shinzo Abe in an Upper House plenary session yesterday afternoon admitted his responsibility for the Social Insurance Agency's inadequate management of pension contribution records. Abe said:

"All those concerned, including past SIA chiefs, are responsible for what took place between the introduction in 1996 of the basic pension numbering system and now. I myself feel acutely responsible for this situation. There are so many points we have to reflect on, such as whether or not the (basic pension numbering) system was studied thoroughly before it was introduced and whether the system to oversee the progress on the program was sufficient."

Health, Labor, and Welfare Minister Hakuo Yanagisawa also said: "Initial efforts to nail down the design of the (numbering) system were insufficient."

12) Yanagisawa reveals plans to complete checks of 50 million cases of missing pension records by next May

TOKYO SHIMBUN (Top Play) (Lead paragraph)
June 5, 2007

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In a press conference yesterday afternoon, Health, Labor and Welfare Minister Hakuo Yanagisawa said that the ministry would complete by next May checks of about 50 million records on those who have not been identified due to the Social Insurance Agency's lax record-keeping system. Of those who are deemed to have a high possibility of being among those of the 50 million records, the ministry will send a notice to beneficiaries by August 2008 and to policyholders aged 59 or younger by March 2009.

In order to correct records, confirming identity is required. Given this, it is expected to take more time until the details of all the 50 million records become clear.

13) Yanagisawa pledges to end by next May checks on 50 million cases of unpaid benefits

MAINICHI (Top Play) (Excerpts)
June 5, 2007

In a press conference yesterday, Health, Labor and Welfare Minister Hakuo Yanagisawa pledged to complete over the year through next May a thorough check of 50 million cases of unpaid benefits for which eligible recipients are unknown. The ministry had initially planned to first look into 28.8 million records of eligible policyholders, out of the 50 million cases, within a year. Faced with criticism from the opposition camp, however, the ministry has now decided to finish examining all the cases over the year.

The welfare ministry will not change the policy of informing the policyholders who have already received benefits of the results of the check on a priority basis, and the beneficiaries will receive information by August 2008, two month earlier than initially planned.

Additional measures to deal with pension-record errors

7Finish computer checks on the 50 million records of premium payments to unidentified people by May 2008. Start the procedure of confirmation in June, and give information of the result of the check to beneficiaries who have already received benefits by August and to those aged 59 or younger by March 2009.

7Set up a round-the-clock telephone service (0570-05-1165) available everyday including Saturdays and Sundays. Also make telephone service available for those whose records are incomplete free of charge (0120-657-830, starting on June 11).

7Set up an inquiry office that opens until 07:00 p.m. everyday exception Saturdays and Sundays in the Social Insurance Office. Create special consultation offices in downtowns in urban areas.

7Establish a fact-finding committee in the Internal Affairs and Communication Ministry to establish the cause of the record-keeping blunder and investigate the responsibility of previous Social Insurance Agency directors and health ministers.

7Do not use pension premiums to finance necessary examination costs.

14) Upper House begins deliberating on SIA bills; Opposition camp focused on prime minister's responsibility

YOMIURI (Page 4) (Excerpts)
June 5, 2007

The House of Councillors started deliberating on a Social Insurance

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Agency (SIA) reform bill at its plenary session yesterday. The ruling camp intends to quell the pension storm by speedily enacting the bill along with another bill to scrap the five-year statute-of-limitation in which pensioners may retroactively claim any shortchanged portion of benefits stemming from the agency's recordkeeping errors. The opposition camp, on the other hand, plan to seek thorough deliberations by focusing on the responsibility of Prime Minister Shinzo Abe and others. The opposition bloc is also considering filing a no-confidence motion against the Abe cabinet. Stormy developments are foreseen before the ongoing "pension Diet session" ends on June 23.

In yesterday's Upper House plenary session, Ryuji Yamane of major opposition Minshuto (Democratic Party of Japan) grilled Abe, saying: "Referring to the responsibility of past SIA chiefs like somebody else's business is improper. The people want you to take responsibility as supreme commander."

Abe replied: "As the person responsible for the government, I feel extremely sorry about the problem. What I must do now is to present concrete plans and implement them swiftly rather than to trade accusations with you."

The ruling camp intends to have the Upper House Health, Labor and Welfare Committee start earnestly deliberating today on the bill scrapping the statute-of-limitation and the bill reforming the SIA as a set.

15) Prime Minister Abe to leave today for G-8 summit, aiming to play a leading part in environmental area with eye on next year's G-8 summit in Lake Toya

TOKYO SHIMBUN (Page 2) (Excerpts)
June 5, 2007

Yutaka Tabata

Prime Minister Shinzo Abe is to depart today for Germany to attend the Group of Eight (G-8) summit in Heiligendamm, Germany. How far can he demonstrate his presence there as the host of next year's G-8 summit in Lake Toya, Hokkaido? Can he make best use of this year's summit to buoy up his administration? The upcoming summit in this sense will be an important opportunity for him to make a debut as a political leader at an international grand stage.

Abe had occasions ahead of the G-8 summit to emphasize his leadership. In a speech given in Otsu City on June 2, for instance,

Abe expressed his determination to play a leading part in the upcoming summit, by noting, "It's time for Japan to lead other countries of the world in dealing with the environmental issues."

The European Union (EU) wants to agree on the setting of numerical targets for the reduction of greenhouse gas emissions, while the United States is unwilling to do so. How both sides can come to terms holds the key to whether the summit will end successfully.

Abe wants to serve as a coordinator between the two sides, declaring his environmental strategy of halving the present levels of Japan's greenhouse gas emissions by 2050.

This numerical target is lower than the EU's, making it easier for major emitters to adopt together. It may be seen as a meeting point

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for the EU and the US.

Yet, many observe that it would be difficult for both sides to agree on that target, so some in the Japanese government are looking for something to serve as a trump card to play to other countries just in case.

16) Police to search MSDF training unit to determine how Aegis data leaked

YOMIURI (Page 35) (Full)
June 5, 2007

In connection with a case in which a 33-year-old petty officer 2nd class belonging to Maritime Self-Defense Force (MSDF) Escort Flotilla 1 (Yokosuka City, Kanagawa Prefecture) leaked information on the Aegis system, the Kanagawa Prefectural Police and the MSDF police unit have decided to search as early as today several locations, including the MSDF Maizuru training unit in Kyoto Prefecture, in order to identify the path of the leak, acting on suspicion of violation of the Secret Protection Law under the Japan-US Mutual Defense Assistance Agreement (MDA). According to investigators, a leading seaman who used to work with the petty officer 2nd class on a destroyer made a statement implying that he had handed a computer file containing Aegis information to the petty officer.

The leading seaman reportedly studied several years ago at the MSDF's 1st Service School in Etajima City, Hiroshima Prefecture. The Kanagawa Prefectural Police and other investigative authorities searched the service school on May 19 believing that its instructor had allowed his students to copy Aegis data. They are analyzing the personal computers and CDs confiscated from the instructor and students.

This time, the Kanagawa Prefectural Police and the MSDF police unit will search the homes of several petty officers, who had studied at the service school with the leading seaman, and the Maizuru training unit where they now work, chiefly in order to determine how the leading seaman gained possession of the file.

17) Draft basic policy guidelines for economic and fiscal policy features government study on feasibility of hometown tax; CEFP report carries Abe's imprint on environment

TOKYO SHIMBUN (Page 1) (Full)
June 5, 2007

Members of the Council on Economic and Fiscal Policy, chaired by Prime Minister Shinzo Abe, yesterday discussed the draft basic policy guidelines for economic and fiscal management for fiscal 2007, which State Minister for Economic and Fiscal Policy Hiroko Ota presented. Regarding a so-called hometown tax scheme, under which taxpayers can allocate a certain amount of their residential tax payment to their hometown, the draft indicated a policy of promoting consideration of the feasibility of such a proposal, categorically mentioning that a tax measure allowing taxpayers to contribute to their hometown should be realized.

In compiling the fiscal 2008 budget, the government will cut spending as much as possible without reducing efforts for spending reform, the draft said. Along with this policy, it has been

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confirmed that a scenario for package reforms of spending and revenue covering a period up to fiscal 2011 as decided last July should be created.

Policies set under the basic guidelines will be adopted by the CERP on June 19, after coordination between the government and the ruling camp. The envisioned policy guidelines will be the first since Abe took office as prime minister. It will also serve as the ruling parties' de facto manifesto for the upcoming Upper House election.

Last year's basic policy guidelines noted that public projects were to be cut 1 percent -3 percent a year over the next five years. Some private-sector members proposed that the guidelines for this fiscal year should specify the margin of such a cut at 3 percent. However, the draft stopped short of including a specific numerical goal, simply noting that prioritization and efficiency should be promoted.

The Abe imprint was visible in the draft's specific reference to the global environment, including that local governments will be asked to come up with plans to cut greenhouse gas emissions and that the government will consider the adoption of daylight savings' time.

Outline of basic policy guidelines

- Maximum spending cut without reducing efforts for spending reform in compiling the fiscal 2008 budget.
- Aim at narrowing the gap between revenues among local municipalities. Look into a tax measure that will enable taxpayers to contribute to their hometown.
- Ask local governments to create a program to cut greenhouse gas emissions. Consider the introduction of daylight savings' time.
- Look into the feasibility of establishing a regional power revitalization organization.
- Accelerate efforts to consider the realization of a doshu or regional bloc system, the final goal of decentralization reform.
- Eliminating idle farmland over five years.
- Ask cabinet ministers to submit a plan to streamline independent administrative agencies under their jurisdiction, possibly by the end of August.
- Discuss drastic reform of the tax system, including the consumption tax, in the fall or later.

SCHIEFFER